



# DISASTER AND THE NEED FOR SOLIDARITY

by MAZHER ALI

Crisis. Downturn. Recession. Deficit. War. Disaster. These words are becoming all too familiar to many of us. And there is little in the way of optimism to offer. While some of us are only starting to feel the impact of the current economic situation, there are many who have been waiting for signs of hope for a long time. These folks have been in crisis mode (economically) for years. But what happens to them when disaster strikes? Our existing economic structures already leave poor communities and communities of color in a vulnerable position. When disaster comes around the bend, whether natural or synthetic, the struggles for these marginalized populations are compounded.

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Under our current economic model, whether we're responding to natural disasters, issues of national security, or manmade crises, response is treated as an opportunity rather than a civic duty. Disaster capitalists circle above the carcass of a city or country in ruins, searching for avenues of profitability to satisfy their hunger. Current policies allow for and foment this behavior in the private sector, devaluing or outright ignoring the needs of those who are less economically stable, because inherent in the practice of free market capitalism, of corporatism, is a self-interest that precludes the altruistic approach needed in dire human circumstances. Corporations, unto themselves, have no requirement of benevolence — only a fiscal responsibility to their shareholders.

Milton Friedman, a champion of unabated free market capitalism advocated for minimal government involvement in the markets. He pioneered the idea of "economic shock therapy," the notion that vast economic reform is best implemented when post-crisis populations are too

traumatized to notice. This phenomenon, which Naomi Klein details in her book, *The Shock Doctrine: The Rise of Disaster Capitalism*, has been observed historically in a variety of crisis situations around the globe.

So where do these behaviors and actions leave those on the ground who are feeling the direct impact of these disasters? How do we change the way we respond?

**For sale: Disaster response**  
Once upon a time, the devastation of a major natural disaster on communities was only viewed as tragic. The chance to work with those communities to help alleviate their pain was compelling enough for us to hurry to rescue efforts. Today, disaster response is a bonanza for private government contractors.

Those companies oppose social programs, insisting that the job could be better handled in the private sector, and for them, a major disaster provides the cover they need to swoop in and take over. Tragedy affords these contractors a chance to buy-up and secure a

stream of revenue that otherwise wouldn't be available.

Hurricane Katrina, for example, was a disaster of historic proportions in the United States, throwing communities on the Gulf Coast into economic chaos. In the end, 275,000 homes, along with schools, hospitals, businesses and public institutions were wiped out. Almost 2,000 died, many more were injured, and hundreds of thousands were forced from their homes. Almost overnight, Louisiana's unemployment rate nearly doubled to 11.4 percent. In the aftermath, another disaster hit: the Federal Emergency Management Agency (FEMA) stepped in with a notoriously inept (and seemingly racist) plan of action. The majority of those negatively affected by both the hurricane and the response plan, were residents of poor, black communities.

FEMA dropped the ball from the get-go, with delayed response from largely private responders, and faulty resource allocation, search-and-rescue and evacuation plans. Federal search teams were called off a mere three days after the colossal storm, but the absurdity didn't end there. The

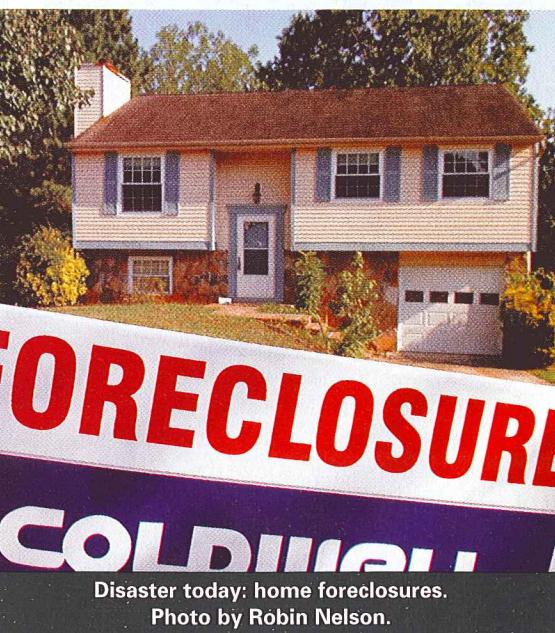
recovery process that followed was no less neglectful of the devastated communities. After bouts with irresponsible financial assistance and temporary housing for victims, rather than rebuilding what was, our government opted to recreate communities affected by Katrina in the vision of private contractors.

In one New Orleans neighborhood, housing projects that were home to more than 3,000 residents were demolished in favor of private development. Although they wanted to rebuild and stay, these families were hung out to dry and expected to find new homes, no doubt in areas

further away from the resources of a soon-to-be rebuilt city. This is just one example of circumstances that became all too common after Katrina as many public services, including education and health care, fell prey to the perils of privatization.

#### Protecting public goods

Health care and education, if no others, are two systems that shouldn't be treated as vehicles for profitability as they are vital to a strong democracy. And the consumer costs of these services can be higher when purchased



from a private provider, which creates immediate and future financial and social burdens on families.

While victims of Hurricane Katrina, predominantly poor Blacks, were already underserved by the public health care system, many of the existing institutions were obligated to serve even the poor and disadvantaged. However, in the wake of the storm, with dozens of hospitals obliterated, the low-income, uninsured were left exposed and without a safe place to turn for health care needs. Dr. Keith Ferdinand of New Orleans, a proponent of rebuilding and strengthening the public health

system on the Gulf Coast said, "With a view to the future of health care, medical students should be encouraged ... to reclaim the profession as a source of healing and community service, rather than treating their careers as a means of accumulating personal capital."

He also noted that the United States can flourish by investing in the education of medical students who would return the gesture by applying their expertise in public hospitals in underserved communities. These are the types of principles that will carry us out of health care crises.

Poor communities, such as those of New Orleans, need a strong public health system to promote health and wholeness, and recover from ongoing health and economic crises. In a 2003 report, Consumers Union found that the per case cost of health care administration by private health insurance companies could cost up to eight times as much as the same service administered by the government. Health care costs are the leading cause of personal bankruptcy in this country, and the National Coalition on

Health Care reports medical costs are expected to rise each year over the next decade. Under the current system, health care spending in the United States may reach \$4.3 trillion by 2017, which is 79 percent more than spending in 2007.

At the prospect of expanding public health care programs, private health insurers argue it is unfair for them to have to compete with the government, because the rates offered in a public plan would be far lower than what they ask private payers to dish out. As long as profit margins are prioritized over public health, the crisis of afford-

ability and ailment in poor communities will continue.

Education systems on the Gulf Coast post-Katrina became experiments in privatization. Through constant and difficult to meet demands, President Bush's "No Child Left Behind" policies encouraged the failure of public education systems. When schools were, as expected, unable to meet those demands, funding was cut and the doors flung open to for-profit educational contractors. The privatization of New Orleans' education system after Katrina was the largest-ever private school voucher experiment in the history of our nation and it was government funded.

On education, Noam Chomsky succinctly captured the value of public administration, saying that in privatizing the educational system there is "an ethic that has to be undermined, namely the idea that you care about somebody else. A public education system is based on the principle that you care whether the kid down the street gets an education." In order to break the curse of a second-rate education system in poor communities, reform needs to solely

focus on creating better and safer learning environments that are equal to those of their wealthier counterparts, so as to boost students' chances for upward economic mobility. And a stronger public education system is vital to building communities informed and engaged in democracy. We have to be mindful that even exceptionally difficult circumstances, such as natural disaster, do not change the value of, or need for, public education.

**Creating disaster abroad,  
perpetuating disaster at home**  
During World War II, President

Franklin Roosevelt chastised any who would exploit war for profit, saying, "I don't want to see a single war millionaire created in the United States as a result of this world disaster."

Today, the war in Iraq costs us roughly \$720 million per day, totaling well over \$650 billion to date, and our defense budget is a golden ticket for private defense contractors who are making record profits, even as the world around them sinks in debt. Twenty percent of operational funding for the Iraq War and an astounding 70 percent of intelligence funding

economic distress expect to recover when the better portion of its resources are directed toward war — especially ones with no end in sight? Our deficit is escalating, in no small part, due to massive appropriations for the military, which accounts for nearly one-third of all U.S. government expenditures. When juxtaposed with military spending, what's allocated toward severely needed social programs to lift up our communities seems a pittance. And, at the moment it's not enough to lessen the damaging effects of the financial crisis on the poor and people of color.

#### Homegrown disaster

Disaster isn't always as blatant, unavoidable and immediate as a violent storm submerging cities, or a barrage of missiles ending in fire, smoke and rubble. Sometimes, it's the result of choices we make, as though we're planting a slow-acting destructive device in the heart of our own society. That was the recent case with speculative investment in the housing market, which led to the illusion of economic growth, the burst of the housing bubble and now, the global financial meltdown.

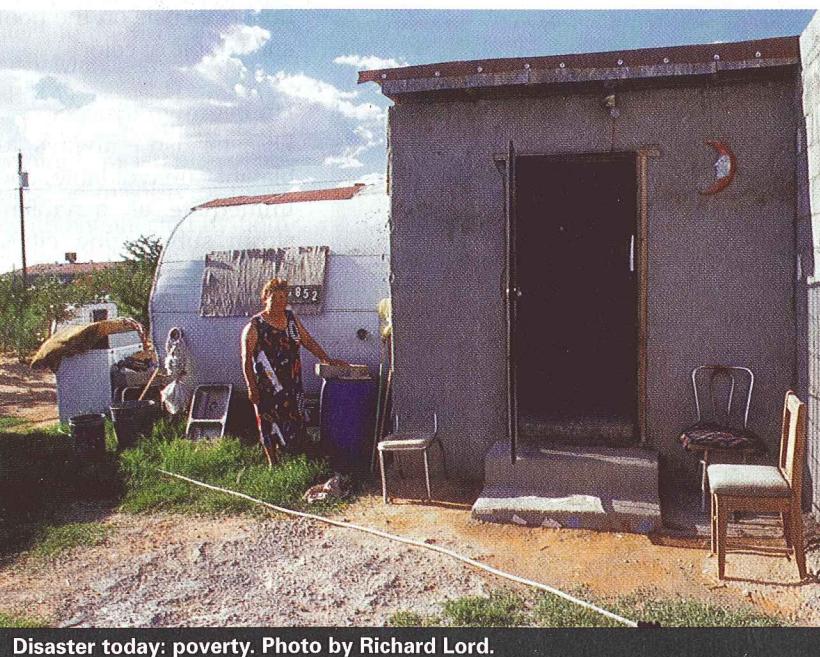
The financial disaster we're in wasn't unforeseen. Economists were aware of the direction we were headed for at least a year before the recession was officially announced. David Rosenberg, economist for Merrill Lynch, called it in January 2008, later saying in an interview, "We came off a prolonged period of prosperity that was fueled by excessive leverage and an asset bubble of historical proportions. ... Either you believed that this was sustainable or you didn't. I came to the conclusion that this was going to end very badly."

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Mr. Rosenberg was right. Here we are today — with national unemployment at 8.5 percent (more than twice the Federal Reserve's target of 4 percent); millions of homes foreclosed or in foreclosure and billions of dollars of wealth stripped from families as a result; poor communities of color being shoved down from their long-term recession into an economic depression; insurers, media companies, automakers and other big industries failing; banks and financial in-

problems with how we work with people living in areas of concentrated poverty. Over the past three decades, we witnessed a drastic corporatist shift in the way our government operated. The Bush administration tore the system apart, and extracted the cogs and wheels of public service choosing to sell off anything that was not an "essential" function of the government.

When it comes to human life, especially in times of great need, there is no room for the self-interest



**Disaster today: poverty.** Photo by Richard Lord.

stitutions collapsing, and the government using billions in taxpayer dollars to sustain them; and billions more taxpayer dollars debated and doled out for the American Recovery and Reinvestment Act. But a burning question remains: What's our endgame, maintenance of the status quo, or a revamping of our entire economic system?

#### Rewriting the rules

Within our current economic and societal frameworks — where success or failure are generally determined by monetary gain or loss — there have been, and continue to be,

exhibited by corporate vultures. But, the current global financial crisis has brought us to a unique juncture. We have the opportunity to implement a new and inclusive economic approach that can provide greater protection and greater opportunity for those who really need it. An emerging and powerful international movement called the "Solidarity Economy" operates on this premise: putting people and planet before private profits and power. The Solidarity Economy is about making connections and bringing together movements for social and economic justice, environmental sustainability, racial

justice, women's rights and an array of others for the common goals of:

- Developing the emerging language that is a part of building the movement to transform the economy, and
- Promoting a way of thinking about the economy that opens up spaces of hope.

A concerted effort to institutionalize the principles of the Solidarity Economy by rewriting the rules of our economy can help us create communities and nations without disparities of income, wages, wealth, health, respect, and opportunities for recreation and personal growth. And, when disaster strikes, the practice of those principles can provide the safety and assistance that suffering communities need for recovery.

We're currently witnessing that as we've delved deeper into a free market system, more wealth has been taken from the majority, placed in the pockets of the few, and our economy has become shakier. But we also know that capitalist and social solidarity frameworks can co-exist and create more widely shared prosperity, as in the post-World War II boom. In that period of growth, however, people of color were largely excluded because of discriminatory practices, some of which continue to this day.

As we pave our way forward, we need to acknowledge mistakes made in the past, extend a hand to those who have been pushed aside, and focus on ways to involve everyone in a fair, robust and socially inclusive economy. This is a moment for us to show our strength as a nation, to not only lead this world by example, but in solidarity with fellow nations. And once we collectively adopt a "people first" mentality, it will be in those moments of disaster, moments where we have historically fallen short, that our potential will be realized. ■

## BACKFIRE: PRIVATIZATION AND GLOBALIZATION

by MAZHER ALI

In the first year of the U.S. occupation of Iraq, moves were being made to overhaul the public sector with foreign private contractors — first and foremost, those from the United States. Before the U.S. invasion, the Iraqi economy was propped up by its national oil industry and by 200 other state-owned companies that produced everything from food to paper to industrial raw materials. Shortly after his arrival in Iraq, Paul Bremer, director of reconstruction, announced that all of those state-owned companies were to be handed over to foreign contractors, which resulted in the firing of 500,000 state employees, including soldiers and professionals. The oil industry was put on hold as the architects behind the privatization of Iraq saw the danger of inciting an Iraqi revolution.

Under the direction of top U.S. officials, Mr. Bremer and his team rewrote the laws of the Iraqi economy to lure foreign investors to the wholesale frenzy. Corporate taxes were reduced by two-thirds. All Iraqi assets became open for potential foreign ownership. Full profits from privatized industries were allowed to leave Iraq without taxation or required reinvestment in the country. And, contracts were designed to last

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**U.S. military in Iraq where reconstruction efforts have been undertaken by many private contractors.** Photo by AP Photo/Dusan Vranic.

for decades with renewal clauses, securing long-term profitability and averting interference from future governing bodies.

As expected, foreign action began to pour in, and natives continued to be blocked from negotiations. Research by the Brookings Institution published in the *Iraq Index* shows national unemployment rates skyrocketed to 50-60 percent immediately following the U.S.-led invasion. Today, Iraqi unemployment still remains high at 23-40 percent.

The United States' failure to recognize the damage they were inflicting on the Iraqi society resulted in what journalist and author Naomi Klein refers to as "ideological blow-

back." Ms. Klein named three backfiring effects of the United States' free market impositions on Iraq:

1. Effective reconstruction was impeded by removal of qualified workers who were familiar with the region.
2. The voices of secular Iraqis, who could have been allies in the occupation and reconstruction, were marginalized in the rigmarole of greed.
3. Impositions provided the insurgency with more angry souls either willing to kill and die for their cause, or provide funding for the resistance. ■

#### ► [www.populareconomics.org/usSEN](http://www.populareconomics.org/usSEN)

The U.S. Solidarity Economy Network (USSEN) was born of a series of meetings at the June 2007 U.S. Social Forum in Atlanta, Ga. The network was encouraged and supported by solidarity economy groups representing Mexico, Canada, Latin America, Europe and Asia. The founding groups decided that rising inequality and corporate dominance, spurred by government cuts, privatization and deregulation, was a call for a new economic development model — one that would provide for all people, not just the wealthy few.

Practitioners of Solidarity Economy principles focus on building and implementing economic alternatives that will create jobs, provide food, housing and social services, and encourage environmentally sustainable practices, which will strengthen our communities and democracy, as a whole.